



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, Utah 84078

<http://www.blm.gov/Vernal>



IN REPLY REFER TO:

3809

(UT08300)

U76097

MAR 17 2004

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MAR 19 2004

DIV. OF OIL, GAS & MINING

Certified Mail

Return Receipt Requested

No. 7003 2260 0007 1318 0228

Mr. Seth McCourt

Simplot Phosphates

9401 North Highway 191

Vernal, Utah 84078-7802

Dear Mr. McCourt:

Our office is aware that SF Phosphates has become Simplot Phosphates. SF Phosphates is the current operator of record of approved plan of operation UTU76097. If Simplot Phosphates has become the new operator of record of plan UTU76097, a company representative must provide our office a written notification of change of operator as per 3809.116(c)(1). This can be accomplished using form 3809-5 (a recently approved Bureau form that is enclosed). I am requesting the change of operator be filed with our office within 30 days of your receipt of this letter. There is also the matter of the bond for plan of operation UTU76097.

43 CFR 3809.116(c)(2) indicates the BLM needs to accept an adequate replacement financial guarantee from the new operator as part of the transfer of a plan. The 1999 estimate of reclamation costs in the matter of plan UTU76097 were included as a rider to a bond on file with the Utah Division of Oil, Gas and Mining (UDOGM) for mining permit M/047/007. A representative of Simplot Phosphates must contact UDOGM to assess what changes in the state permit are required; particularly, if a replacement bond has to be posted. If a replacement bond is filed with UDOGM that includes a rider for the estimate to reclaim the area under plan UTU76097, you must 1) file a copy of the replacement bond documentation with Opie Abeyta, Mining Claims Adjudicator, with the Utah States Office of the BLM (address P.O. Box 45155, Salt Lake City, UT 84145-0155; be sure to cite plan UTU76097 on a cover to that filing) and 2) and note the change of financial guarantee in the change of operator filing with our office.

In November 2003 you notified Pete Sokolosky that UDOGM will be recalculating the bond in the matter of mine permit M/047/007 in 2004. Plan UTU76097 is a component of the overall mine plan. 43 CFR 3809.544 indicates that the operator must estimate the cost to reclaim as if

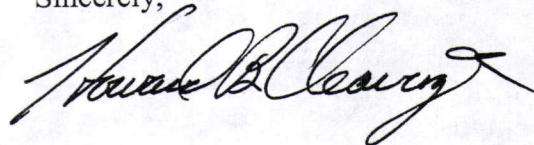
the BLM were contracting a third-party to do the work. This includes the use of Davis-Bacon wages as well as BLM's costs to administer the contract (for the latter, see "administrative fees" on the seventh page of the cost model assumptions enclosure to in our October 10, 2003 letter to you). You should develop your own [updated] calculation of what it would cost to reclaim (mostly revegetate) the 23.8 acres of public lands and submit such our office for review and approval in advance of negotiations with UDOGM on the overall bond in the matter of State permit M/047/007. 43 CFR 3809.553 does allow an operator, with BLM approval, to post a partial financial guarantee. You are welcome to discuss this part of the regulations with Pete Sokolosky if Simplot Phosphates wishes to consider posting a partial financial guarantee.

If you have any questions about the protocol for including the updated reclamation estimate [for plan UTU76097] as part of a bond to be filed with the State, please refer to 43 CFR 3809.570-3809.574. You can contact Opie Abeyta with the Mining Claims Adjudication staff at the Utah State Office-BLM (801 539-4123) if you have any questions. The Mining Claims Adjudication team at the Utah State Office holds the bond documentation related to surface management cases within Utah even though the Field Offices actually maintains the notice or plan of operation case files.

Plan of operation UTU76097 includes operations would transpire on unpatented mill sites located and maintained by SF Phosphates. A representative of Simplot Phosphates needs to promptly contact the Mining Claims Adjudication staff of the Utah State Office to determine what must be filed to show a change in ownership of the mill sites that overlap plan UTU76097.

Please contact Pete Sokolosky at 781-4501 if you have any questions about the change of operator requirement.

Sincerely,



Howard B. Cleavinger II
Acting Vernal Field Manager

enclosure – form 3809-5

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bcc: reading file
surface management file UTU76097
Opie Abeyta UT92413
UDOGM – M/047/007